

CPD

AUG 1960

MEMORANDUM FOR: Director of Personnel

SUBJECT: Annual Plans and Progress Report

Forwarded herewith is the annual report for Contract Personnel Division.

The report has been prepared with a covering summary and a detailed analysis in two sections.


Chief, Contract Personnel Division

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CONTRACT PERSONNEL DIVISION

ANNUAL REPORT

For the Period 1 July 1959 to 30 June 1960

SUMMARY

The number of new contracts written during FY 1960 increased substantially over that for FY 1959, in continuation of the trend of the past several years. The total number of contracts carried on the rolls of the Division has also reached an all-time high.

That the interest shown in the employment of the contract instrument is likely to persist is indicated by the current drive to acquire nonofficial cover assets, with particular emphasis on placing these under contract. The formation, during FY 1960, of the Non-Official Cover Committee has provided impetus to this trend. Concomitant with these developments has been the interest shown by the Deputy Director of Plans and the Chief, Clandestine Services Agent Panel in eliminating limitations on retention

25X1C [REDACTED] The direction of current operational planning thus points, not only to an increased use of contracts, but also to contracts which will be "tailored" to a specific set of circumstances.

25X1A Recent events - i. e. the movement of CPD to I Building and changes in the contract approving function made by [REDACTED] - have created closer ties between the case officers in the area divisions and the staff of CPD with, we believe, resulting benefits to both. The closer contact has given this Division a greater knowledge of operations thus providing the background needed if CPD moves into an era of "specialized" contracts. Experience already gained has been of considerable value in assisting the development of special projects such as that of WH [REDACTED]

25X1A As the Agency moves towards a greater use of the contract instrument, the importance of ensuring that the administrative procedures for contract personnel are adequate becomes of increasing importance. CPD has been actively engaged with other interested offices in establishing firmer controls on the procedures by which leave records are maintained and contract personnel are terminated. The Division anticipates that the review of the administrative procedures for contract personnel, and for staff agents, will continue. The current method of record keeping for staff agents, and in the allowance field, the scope of the new [REDACTED] and the effect of State Department's policy of limiting the amount of education allowances appear to be areas susceptible of examination.

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Approved For Release 2001/05/17 : CIA-RDP79-00235A000100020020-7

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2. ACCOMPLISHMENTS AND DEVELOPMENTS

a. CONTRACT PERSONNEL FIELD

(1) POLICY TRENDS

FY 1960 was marked by the continued and increasing interest shown by DDP officials in the development of contract personnel management concepts and programs. Specific examples of this interest are indicated below:

- (a) Chief of Plans, DDP's recommendation to the DCI (21 November 1959) that a study be made as to the feasibility of converting on a systematic basis a certain number of senior officers to contract agent status and permitting them to remain overseas for the remainder of their work-a-day lives.
- (b) The establishment in January 1960 of a Non-Official Cover Committee, chaired by [REDACTED] to explore the possibilities of placing most nonofficial cover personnel under contracts which provide benefits equal to those granted to staff personnel.
- (c) The memorandums written by Deputy Director of Plans and [REDACTED]

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(2) PROCEDURAL CHANGES

Two changes--the implementation of [REDACTED] (issued by the DDP on 30 April 1959) and the recent move of CPD to I Building--has significantly affected the processing of requests for contracts. With the decentralization of the contract approving function to the area divisions, it was anticipated that CPD would have to carefully monitor these requests since many of the newly-appointed divisional offices were not fully acquainted with their assigned duties. However, an informal procedure has developed whereby the case officers involved contact CPD for guidance prior to the submission of the formal request to the divisional Contract Approving Officer. This trend has gained new impetus since CPD moved into close proximity to the offices it serves. The informal procedure has been of mutual benefit.

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CPD has gained a greater comprehension of the problems involved in the administration of contract personnel and the area divisions have obtained contracts which are better "tailored" to their needs. An incidental benefit has been the increased speed with which the contracts can be processed. This new approach has made it necessary, however, for the legal staff of the Division to spend an increasing portion of their time in consultation with DDP case officers.

(3) **SPECIAL PROGRAMS**

Special programs made up a considerable part of the Division's workload during FY 1960. Developments in three of the more important of these programs are indicated below:

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(a) [REDACTED] - The use of independent contractors to perform translating, editing, and various clerical duties for the Foreign Documents Division has continued to expand. Approximately [REDACTED] are now carried on contract by the Division for this program. Many of the contractors so hired are employed by other Federal agencies. A number of inquiries have been received from these agencies questioning whether the use of their employees did not constitute a violation of the dual employment and dual compensation statutes. OGC has rendered an opinion (27 May 1960) that we may reply to such inquiries by indicating that there is no conflict with the provisions of these laws when Government employees are hired as independent contractors. A new venture of FDD, wherein independent contractors work within our buildings, will require careful consideration to ensure that the individuals hired are actually utilized under non-supervised conditions.

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(b) Office of Training Language Tutorial Program - A language tutorial program, utilizing wives of staff employees, was launched during FY 1960. The wives have been employed under a contract agent type of agreement and compensated at a rate of \$3.00 per hour, when actually employed. The tutoring service thus provided for personnel departing for overseas has become a valuable adjunct to the more formal language training program and approximately 30 women are currently working under this arrangement.

(c) Special WH Activity - The last month of the fiscal year witnessed a tremendous increase of activity in the WH area. CPD has been engaged in discussions with WH [REDACTED] Branch personnel to ensure that the hiring of contract personnel for the recently established special project is accomplished as

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expeditiously as possible. The full scope of the new program and its effect upon CPD's activities cannot be measured at this time, however.

(4) MISCELLANEOUS

The administrative procedures established for contract personnel have come under examination during the past year as experience revealed certain inadequacies. The areas which appear to need correction are:

- 25X1A (a) The terminal clearance procedures for contract personnel [REDACTED] - Recommendations made by the Inspector General and the Director of Personnel emphasized the need for a centralized control to ensure that all contract personnel whose [REDACTED] 25X1A [REDACTED] are properly debriefed upon termination of their Agency Service. This Division has been engaged in discussions with the Office of Security and the Central Cover Division with the object of establishing the responsibilities of each of these offices in an amendment to [REDACTED]
- 25X1A (b) The method by which the proper annual leave category or the correct accrued sick leave balance for contract employees is determined - Inquiries concerning the leave status of former contract employees has revealed that in many instances the field, upon hiring contract employees, has failed to request the transfer of accrued sick leave balances to the employee's credit in the previously employing Agency. Also, the field has frequently failed to establish whether a part-time employee has worked on a regular tour of duty or not. Consequently it has been difficult to determine the employees total creditable, service and annual leave category. The Contract Employees' Payroll Branch, Finance Division, and CPD have combined to establish briefing sessions for finance, personnel and administrative officers departing for the field in an effort to tighten up on our procedures.

b. OTHER FIELDS

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(2) MILITARY DETAILS

The number of military details requiring Letters of Authorization has decreased sharply. Requirements for military details have now stabilized with recruitment of officers during fiscal year 1960

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largely confined to specialists and that for enlisted men concerned mainly with guards.

(3) SPECIAL AGREEMENTS

There was continued activity in the field of agreement with bona fide legal entities providing nonofficial cover for Agency personnel and in the field of agreements between the Agency and fund attribution sources.

(4) ALLOWANCES

A number of significant developments occurred in the allowance field during FY 1960. Indicated below are the specific allowances which were affected:

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be jointly conducted by the Department of State and the Bureau of Labor Statistics will furnish the additional information required.

- (c) Education Allowance - The State Department has recently notified field personnel that, as a result of the climb in educational costs, the degree of assistance provided by education allowances may be limited in the future and parents may be required to bear a larger proportion of the cost of educating their children. Since this Agency follows the rate and standards published by the State Department, this announced policy may portend additional non-reimbursable expenses for our employees overseas.
- (d) Separation Allowances - Agency policy concerning the granting of separation allowances when wives of employees stationed at posts with inadequate medical facilities are evacuated for medical reasons was brought to the attention of the field in a book dispatch in June 1960. It was emphasized that, to qualify for a separation allowance, the period of absence must be anticipated to be for at least ninety (90) days and the evacuation city outside the employee's country of assignment.

SECTION II - OBJECTIVES FOR FISCAL YEAR 1961

1. THE CONTRACT FIELD

The Division's primary objective in FY 1961 is to further broaden its knowledge of operational requirements and also of the long term goals of the Clandestine Services. If, as we anticipate, the demand will be for more and more contracts to fit specialized needs, CPD must be in a position to provide the advice and services required. It must also add to the reservoir of knowledge and experience which will be necessary to furnish adequate staff guidance to the Clandestine Services as they expand in the contract and nonofficial cover fields. Inevitably, the new demands will create an additional workload for the Division. A secondary objective, then, for the Division is the further standardization of contracts and contract clauses in those areas where specialized contracts are not required. It is hoped that this will enable the legal staff of CPD to devote a greater proportion of their time to the new tasks and thus permit the Division to accomplish their responsibilities without an increase in strength.

2. ADMINISTRATIVE PROCEDURES

a. REGULATORY MATERIAL

Comments received from the Office of Security concerning the procedures for terminating contract personnel have been fully resolved and it is anticipated that an amendment to HB [REDACTED] incorporating the new procedures, will be published in early FY 1961. CPD plans to further review the administrative procedures for contract personnel to determine whether additional amendments may be required, particularly where the methods for recording leave balances are concerned.

b. FILES

With the reduction in the Division's secretarial force in FY 1960 (from 5 to 4), some difficulty has been experienced in moving the work out as rapidly as is desirable. In an effort to lighten the load currently imposed on the secretaries, CPD is planning to examine the Division's card files with a view of reducing the time spent in logging and filing.

3. ALLOWANCES

a. REGULATORY MATERIAL

Regulation [REDACTED]

[REDACTED], was published in the final month of FY 1960. It is anticipated that R [REDACTED]

[REDACTED] will be issued the early part of FY 1961. The primary objective for the remainder of the year is the preparation of an omnibus regulations covering all other allowances, with consideration for any changes resulting from the passage of HR 7758.

b. STUDIES

CPD plans to make a number of studies in the allowance field. The most important will be an analysis of the effect of the new legislation on allowances (assuming HR 7758 passes during the current session of Congress). Studies are expected to be made also of the effect of State Department's announced policy of restricting the amount of educational allowances to be granted in the future. Upon publication of the "spendable income" survey by the Department of State and the Bureau of Labor, this division will, in addition, attempt to develop

4. DDP STRENGTH ACCOUNTING (RECORDS BRANCH)

The Records Branch, transferred to the Contract Personnel Division in April 1960, is planning to further improve their personnel accountability techniques so as to provide a more accurate and detailed portrayal of manpower distribution within the Clandestine Services. The Branch also intends to continue a close review of the staffing compliments to assure timely adjustments by the operating components so as to reflect current organization structure and personnel assignments. When the RCA Computer becomes operative in October, a change will be required in the forwarding of data to the branch from the operating offices. The new personnel action request does not have a "From" portion and consequently it will be necessary for the divisions and staffs to furnish certain information in the "Remarks" section of the form. A meeting will be held with the various DDP personnel officers to instruct them as to the proper data to be inserted.

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